

## Program B: Claims Losses and Related Payments

Program Authorization: R.S. 39:1528-1543

### PROGRAM DESCRIPTION

The mission of the Claims Losses and Related Payments Program in the Office of Risk Management is to minimize losses and achieve financial stability. The goal of the Claims Losses and Related Program in the Office of Risk Management is to budget a sufficient amount of funds to pay all claims losses, adjusting expenses and excess insurance costs.

### OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To complete 100% of the project to develop and establish a method of electronic claims reporting for the Auto Physical Damage line of insurance.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-99	ACTUAL YEAREND PERFORMANCE FY 1998-99	ACT 60 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Percentage of project completion	Not applicable <sup>1</sup>	Not available	Not applicable <sup>1</sup>	0%	100%	100%

<sup>1</sup> This is a new performance indicator. It did not appear under Act 44 of 1998 or Act 60 of 1999 and has no performance standards for FY 1998-99 and FY 1999-00. The value shown for existing performance standard is an estimate not a standard.

**GENERAL PERFORMANCE INFORMATION: SOUTHERN STATE COMPARISON**

STATE	NUMBER OF FULL TIME EMPLOYEES	PAYROLL	AVERAGE PAID LOSSES PER YEAR	LOSSES PER YEAR PER FULL-TIME EMPLOYEE	RANK LOWEST TO HIGHEST
Alabama	45,000	\$1,000,000,000	\$1,970,000	\$43.78	1
Arkansas	45,336	\$1,800,000,000	Not available	Not available	Not available
Florida	200,473	\$4,900,000,000	\$65,000,000	\$324.23	8
Georgia	122,00	\$4,000,000,000	\$24,500,000	\$200.82	4
Kentucky	34,000	\$1,200,000,000	\$12,500,000	\$367.65	9
<b>Louisiana</b>	<b>104,233</b>	<b>\$2,300,000,000</b>	<b>\$28,300,000</b>	<b>\$271.51</b>	<b>6</b>
Maryland	72,460	\$2,900,000,000	\$28,000,000	\$386.42	10
Mississippi	35,000	\$898,000,000	\$5,700,000	\$162.86	3
North Carolina	100,000	\$6,500,000	Not available	Not available	Not available
Oklahoma	35,000	Not available	Not available	Not available	Not available
Tennessee	86,000	\$2,100,000,000	\$11,600,000	\$134.88	2
Texas	165,000	\$4,200,000,000	\$49,000,000	\$296.97	7
Virginia	130,000	\$5,000,000,000	\$27,000,000	\$207.69	5
West Virginia	43,000	\$800,000,000	Not available	Not available	Not available
<b>AVERAGE</b>	86,822	\$2,892,153,846	\$25,357,000	\$239.68	

GENERAL PERFORMANCE INFORMATION:

STATE	VEHICLES	AVERAGE PAID LOSSES PER YEAR	AVERAGE PAID LOSSES/YEAR PER VEHICLE	RANK LOWEST TO HIGHEST
Alabama	7,000	\$1,300,000	\$185.71	7
Arkansas	7,000	\$430,000	\$61.43	2
Florida	22,981	\$3,500,000	\$152.30	6
Georgia	22,000	\$5,000,000	\$227.27	9
Kentucky	7,500	N/A	N/A	N/A
<b>Louisiana</b>	10,264	\$3,100,000	\$302.03	10
Maryland	12,300	\$2,300,000	\$186.99	8
Mississippi	5,592	\$3,729,864	\$667.00	12
North Carolina	33,000	\$3,100,000	\$93.94	5
Oklahoma	9,000	\$650,000	\$72.22	3
Tennessee	9,962	N/A	N/A	N/A
Texas	25,000	\$600,000	\$24.00	1
Virginia	16,000	\$1,270,000	\$79.38	4
West Virginia	9,000	\$5,400,000	\$600.00	11
Average	14,043	\$2,531,655	\$221.02	

## RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1998-1999	ACT 60 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	124,594,275	107,054,692	107,054,692	129,396,748	93,550,732	(13,503,960)
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<u><u>\$124,594,275</u></u>	<u><u>\$107,054,692</u></u>	<u><u>\$107,054,692</u></u>	<u><u>\$129,396,748</u></u>	<u><u>\$93,550,732</u></u>	<u><u>(13,503,960)</u></u>
EXPENDITURES & REQUEST:						
Salaries	\$0	\$0	\$0	\$0	\$0	\$0
Other Compensation	0	0	0	0	0	0
Related Benefits	0	0	0	0	0	0
Total Operating Expenses	0	0	0	0	0	0
Professional Services	294,029	515,001	515,001	515,001	515,001	0
Total Other Charges	124,300,246	106,539,691	106,539,691	128,881,747	93,035,731	(13,503,960)
Total Acq. & Major Repairs	0	0	0	0	0	0
TOTAL EXPENDITURES AND REQUEST	<u><u>\$124,594,275</u></u>	<u><u>\$107,054,692</u></u>	<u><u>\$107,054,692</u></u>	<u><u>\$129,396,748</u></u>	<u><u>\$93,550,732</u></u>	<u><u>(13,503,960)</u></u>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0
TOTAL	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

## SOURCE OF FUNDING

This program is funded with Fees and Self-generated Revenues. Fees and Self-generated Revenues are derived from premiums billed for insurance provided by this Office and from interest earnings from the self-insurance fund. State and quasi-state entities obtain insurance through the Office of Risk Management.

## ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$107,054,692	0	ACT 60 FISCAL YEAR 1999-2000
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$0	\$107,054,692	0	EXISTING OPERATING BUDGET – December 3, 1999
\$0	(\$13,503,960)	0	Adjustment for Claims Payments
\$0	\$93,550,732	0	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$0	\$93,550,732	0	BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$0	\$93,550,732	0	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 87.4% of the existing operating budget. It represents 38.0% of the total request (\$246,445,500) for this program. At the recommended levels, this program has been provided funding to meet \$121.7 million of the \$150.6 million of anticipated claims payments and other obligations during Fiscal Year 2000-2001; the anticipated shortfall of \$28.9 million will be absorbed from the Cash Reserve Balance. The adjustment made in this program was for decreased funding for All Lines of Coverage -\$13,503,960.

## **PROFESSIONAL SERVICES**

\$348,334	Medical Review Audits to provide (Medical Utilization Review Program for employees eligible for Workers' Compensation); Pre-certifications and Examinations of Workers' Compensation Claims and Medical Cost Management
\$166,667	Elevator Inspections (Statewide)

<b>\$515,001</b>	<b>TOTAL PROFESSIONAL SERVICES</b>
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## **OTHER CHARGES**

\$93,035,731	Claims payments for Medical Malpractice, Road Hazard, Comprehensive General Liability, Personal injury, Auto Liability, Auto Physical Damage, Property Bonds, Crime, Wet Marine, Aviation, and Boiler and Machinery , Worker's Compensation coverage for State entities'
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<b>\$93,035,731</b>	<b>SUB-TOTAL OTHER CHARGES</b>
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### **Interagency Transfers:**

This program does not have funding for Interagency Transfers for Fiscal Year 2000-2001.

<b>\$93,035,731</b>	<b>TOTAL OTHER CHARGES</b>
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## **ACQUISITIONS AND MAJOR REPAIRS**

This program does not have funding for Acquisitions and Major Repairs for Fiscal Year 2000-2001.